

Government that Works!

NEW JERSEY DEPARTMENT OF THE TREASURY

LOCAL GOVERNMENT BUDGET REVIEW

**CITY OF
VENTNOR**

CHRISTINE TODD WHITMAN
Governor

BRIAN W. CLYMER
State Treasurer

HARRIET DERMAN
Commissioner
Department of Community Affairs

NOVEMBER, 1994

**COMPARISON OF BUDGET APPROPRIATIONS, STATE AID, AND
LOCAL TAX RATE WITH REDUCTIONS IN THE
CITY OF VENTNOR COST OF GOVERNMENT**

A. Beachfront Operations Operating loss	\$ 180,000
B. Fire Department Staffing	\$ 167,000
C. Financial Operations Tax Collection	\$ 202,000
D. Recreation Ice Rink-Golf	\$ 12,000
E. Public Assistance Trust Fund I	\$ 19,700
Total Operating Budget Savings	\$ 580,700
F. Off Budget Utility Savings Water and Sewer	\$ 112,000
 Total Amount to be Raised for Municipal Tax Savings as % of Municipal Tax	 \$ 7,571,079 7.6%
 Total Budget (FY94) Savings as a % of Budget	 \$ 13,110,000 4.43%
 Total State Aid (unrestricted FY94) Savings as a % of State Aid	 \$ 883,282 66.76%

**LOCAL GOVERNMENT BUDGET REVIEW
EXECUTIVE SUMMARY
VENTNOR CITY**

A. Beachfront Operations

In order to ensure that the beachfront operations including the beach and municipal fishing pier are no longer a financial drain on the taxpayers of Ventnor City, the city must increase its beachfront operation revenue by \$180,000.

B. Fire Department

The city should immediately work to reduce the cost of its full-time Fire Department. The growth in staffing within the Fire Department appears unrelated to increased risk and the reduction of three full-time positions is recommended. Further savings may be achieved by pursuing contract services or through cost sharing with neighboring fire departments in Atlantic City and Margate City. The Fire Department operating budget should be reduced by a minimum of \$167,000.

C. Financial Operations.

The current tax collection rate of 93.5% places an unnecessary burden on those taxpayers making timely payments. More aggressive tax collection efforts will reduce the reserves for uncollected taxes and thereby benefit all taxpayers. A 1% increase in the tax collection rate will produce a budgetary savings of \$202,000.

D. Recreation

The better utilization of the existing assets and resources including a capital investment in its major recreation facility, the ice skating rink and golf course, should produce an additional revenue of \$12,000.

E. Public Assistance Trust Fund I

Ventnor has the opportunity to realize \$19,700 in revenue by closing the Public Assistance Trust Fund

F. Water and Sewer

Changes are required in the operation of the water and sewer facilities in order to modernize the physical plant and effect cost savings. The city must produce an additional \$70,000 in revenue and reduce its operating cost by \$42,000. These changes will produce a total savings in the water and sewer fund of \$112,000.

**GOVERNMENT THAT WORKS
OPPORTUNITIES FOR CHANGE**
The Report of the Ventnor Budget Review Team

New Jerseyans deserve the best government that their tax dollars can buy. Governor Christie Whitman is committed to make State government smaller, smarter, and more responsive, by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board.

Government on all levels must stop thinking that more money is the solution to their problems, and start examining how they spend the money they have now. The state's taxpayers cannot afford to keep sending money to their government. It is time for government to do something different.

There is no doubt that local government costs, and the property taxes that pay for them have been rising steadily over the last decade. Until now, the State has never worked with school districts to examine what is behind those rising costs. That is why the Local Government Budget Review Program was created by Governor Whitman and State Treasurer Brian W. Clymer. Its mission is simple: to help local governments find savings, without compromising the delivery of services to the public.

The Local Government Budget Review Program fulfills a promise Governor Whitman made in her first budget address, when she offered the State's help to local governments looking to cut costs. This innovative approach combines the expertise of professionals from the Department of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a management review and consulting service provided to them at no cost by the State.

To find those "cost drivers" in local government, the teams will review all aspects of the local government operation, looking for ways to improve efficiency and reduce costs. The team will also document those State regulations or legislative mandates which place an unnecessary burden on local governments, and suggest which ones should be modified or eliminated. Finally the teams will also note where a local government is utilizing "Best Practices" – cost saving measures that other municipalities may want to emulate, and deserve recognition.

This intensive review and dialogue between local officials and the review team is designed to produce significant insight into what factors are driving the costs of local governments, and provide the necessary tools to bring meaningful property tax relief to the State.

THE REVIEW PROCESS

In order for a town, county or school district to participate in the Local Government Budget Review Program, a majority of the elected officials must request the help through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of the review of Ventnor, team members interviewed each elected official, as well as municipal employees, appointees and contractors. The review team examined current collective bargaining agreements, municipal audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the community. The review team physically visited and observed the work procedures and operations throughout the municipal government to observe employees in the performance of their duties.

In general, the review team received the full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness on the part of most to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement, will present a significant challenge for those committed to embracing the recommendations outlined in this report.

OVERVIEW

Ventnor is primarily residential (4761 residential units) with one shopping center comprised of nine stores and a traditional downtown commercial area located wholly on Ventnor Avenue. The zoning ordinances of the city are structured in such a way as to preclude commercial growth in areas that are not along Wellington Avenue, Dorset Avenue and Ventnor Avenue. The commercial areas are basically comprised of storefront shops and restaurants with a high degree of occupancy. There are seven high-rise apartment buildings, two garden apartment complexes and a condominium townhouse project located on the bayside of the municipality.

The boundaries of the city include a 1.7 mile stretch of the Atlantic Ocean; common borders with Atlantic City and Margate and a westerly frontage with marshy wetlands. The city is bisected by the inter-coastal waterway through a canal which separates a section of the municipality known as Ventnor Heights. The geography of the city is a flat, sandy coastal plain similar to other coastal areas of southern coastal New Jersey.

There is an increased growth in the permanent occupancy of previously seasonal rental units. It is anticipated that the population growth will increase as evidenced by an increase in school enrollment over the last three years from 725 to 825 students in its K-8 school system. The school system is a K-8 school system which exhibits a relatively high degree of success in its academic preparation of its students and appears to be a desirable element in the selection of Ventnor as to a place to reside. The city employs a 46 man police department and a fully paid 41 man fire department. Water and sewer services are provided solely by the city with sanitary sewer treatment being provided by the Atlantic City Utility Authority.

The city is in a commission form of government with three commissioners whose responsibilities rest in three separate areas. Respectively, they are revenue and finance, public safety and administration, and public works and code enforcement.

In addition to the standard budget and departmental review in Ventnor, an indirect cost allocation was prepared in accordance with the guidelines as outlined in Federal Management Circular A-87. Two centralized service pools were constructed for purposes of the indirect cost allocation. Centralized Service Pool are for departments which exist for the purpose of serving all the other departments. They included in Pool #1 the city administrator, buildings and grounds; the city clerk, financial administration; collection and taxes and assessment of taxes. The second service pool, Centralized Service Pool #2, centered around vehicle maintenance and radio communications. The city maintains a homogeneous vehicle maintenance department and dispatches those vehicles out using a centralized dispatcher service under the control of the police department. The departments that are affected in that are police, fire, emergency management, planning, zoning inspection beach patrol, buildings and grounds, and electrical services and inspections. This indirect cost allocation was performed in order to establish the cost for each and every department. It was further used as a basis for recommendations and findings.

BEST PRACTICES

The following policies or procedures were identified for their effectiveness in meeting their mission and their value to the community, and are ideas that other municipalities may wish to emulate:

1. The city maintains an aggressive housing and zoning inspection policy. Interviews with the director of housing and zoning inspection show that the city attempts to visit each structure, residential or commercial, on an annual basis to conduct a zoning inspection for compliance with the various sections of the municipal code concerning housing standards, electrical standards, and general overall nuisances.

In 1993, the city issued 283 summonses to appear before municipal court and 3,000 violations were cited. The city maintains one separate monthly court session strictly for housing and zoning code enforcement which is a unique practice among New Jersey municipalities.

2. The Capital Improvement Program, when reviewed on a five year basis, provides constant attention to the infrastructure of the city. The current funds are used for the rebuilding of various roads, streets and the purchasing of necessary equipment. The bond issues, which are related to capital projects, provide for an ongoing road restoration program and maintenance of the storm water structures of the city. The city should work to improve its capital planning as it relates to the water and sewer utility.

3. Annual reports. Both the police chief and the fire chief prepare annual reports which are a concise review of the activities of their respective departments. They highlight the changes in the personnel, absentee rate, mileage of vehicles, a comprehensive offense and arrest report, and a synopsis of the revenues generated by both departments. There is also a narrative provided by both individuals concerning their goals and objectives for their departments.

Annual reports promote accountability, provide a clear window of operations for management, and as such, improve the accountability to the public by those individuals. Both annual reports are well organized and prepared, and the individuals should be commended for their preparation. All departments and agencies in Ventnor should be required to produce an annual report.

FINDINGS AND RECOMMENDATIONS

Our review of municipal operations and budgeted expenditures produced the following findings and recommendations:

A. BEACHFRONT OPERATIONS

1. Our analysis of the cost of government in Ventnor City and the identification of the unique components of their budget and operations highlighted the significance of the beachfront operation. For fiscal year 1993, the City of Ventnor received \$156,443 in beachfront revenues. This was the total revenues generated by the sale of beach tags for the usage of the City of Ventnor beaches from Memorial Day until the day after Labor Day 1993. Based upon a review of the direct salaries and wages, other expenses and allocation of fringe benefits, pension and other municipal support activities, it was estimated that the fully loaded cost for the operation of the beachfront was \$317,435. It is estimated that beachfront operations constitute a net loss to the city of \$160,992.

The city's beaches were found to be in excellent condition. They are fully dragged and cleaned each and every day. There are 62 lifeguards and the beaches are covered from 10:00 a.m. to 6:00 p.m. on a daily basis, seven days a week from Memorial Day through Labor Day. A minimal uniform allowance is provided, all guards are certified by the City of Ventnor's lifeguard senior management. Three lifeguards are maintained at each of the eleven stations at all times. It is the philosophy of the City of Ventnor that three guards are necessary to fully ensure the safety of the beaches due to the high percentage of families with small children who frequent the beaches. Indeed, it appears to be a selling point that extra steps are taken by Ventnor to ensure safety. From Memorial Day through the last day of school, only four beaches are guarded.

The beach tags are \$5.00 seasonal if purchased before Memorial Day and \$3.50 for seniors if purchased before Memorial Day. All tags purchased subsequent to Memorial Day are \$10.00 seasonal, \$3.50 weekly and \$3.50 on a daily basis. We were informed that the beach tag fee has not been increased for approximately 10 years. The managers of the lifeguard patrol sold beach tags at Hamilton Mall on the mainland which resulted in \$3,000 of additional tag sales in a four hour period at a cost of \$250-a most successful experiment. However, this was only done once in the spring of 1994.

2. The city maintains and patrols a 1.7 mile boardwalk which is fully elevated over the beachfront for the entire distance fronting the Atlantic Ocean. Due to the zoning ordinances in the City of Ventnor, no commercial establishments may occupy the boardwalk front. The boardwalk is a highly attractive element to the life of the City of Ventnor, but becomes a financial drain as it generates no revenue and constantly needs maintenance and upkeep. Indeed, the city during 1994 purchased approximately \$6,000 worth of boards simply for a regular replacement and maintenance program.

3. As part of the beachfront operations, the city maintains an ocean fishing pier. The fishing pier is fully manned by a pier master and provides a clubhouse and storage area for its users. Other features include running water for cleaning fish and electrical lighting at night. Additionally, navigation lights are at the far end of the pier; all of which is maintained at city expense.

The rate schedule distinguishes between residents and non-residents. The rate schedules offers both yearly and daily amounts for both fishing and spectator use of the pier. In 1993, the fishing pier revenue was \$19,842. We calculated the cost to the city at \$15,000 in salaries and wages, a minimum of \$1,500 in electric and water expenses and \$3,000 in repairs and indirect costs to maintain the pier. These are conservative estimates but do include a direct allocation of the city's comprehensive and liability insurance policy through the indirect allocation formula. When the costs are reflected back against the revenues, the city made \$92 for 1993.

BEACHFRONT RECOMMENDATIONS

As outlined in the above, the city currently has a net loss of \$160,992 on beachfront operations. This is a direct charge on the property tax levy to the residents.

It is our recommendation that the city initiate an approximate increase in beach tag rates. In order to break even, the city needs to generate \$160,992 in additional revenue. As outlined in the findings, a policy of aggressively marketing beach badges should be implemented.

In 1993 the fishing revenues totaled \$19,842. An analysis of the fishing pier operations, as reflected in the indirect cost allocation showed that the city made a \$92 gain in operations.

It is the recommendation of the team that rates on the fishing pier increase to ensure a positive cash flow for fishing pier operations. Additionally, the fishing pier should be marketed with the beachfront to generate a level of increased usage at the pier. It is a unique facility and as such could be utilized more by nonresidents who would bear the cost of the maintenance and operations of the fishing pier.

Revenue to the city should be increased by at least \$180,000.

B. RECREATION

4. The city maintains a combination ice rink and miniature golf course, which provides year-round recreational activities for the residents and visitors to the city. It currently is a multi-use facility, with an ice rink in operation from October to April, at which time, a portable miniature golf course is set up inside the ice rink.

A comparison of the revenues against the direct and indirect costs for ice rink and golf course operations, the city generated a positive cash flow of \$ 11,465. The team found that a significant portion of the golf course and ice rink cost results from the cost to breakdown and reassemble the golf course twice a year. It is not anticipated that the ice rink can generate

more revenue, however, the golf course offers an opportunity. As the golf course is maintained inside the ice rink building, during the summer it is not seen from the boardwalk. The golf course does not pick up any pedestrian use and basically remains a facility only known to the residents of the city.

RECREATION RECOMMENDATIONS

As outlined, ice rink and golf course operations generate a positive cash flow for the city. However, based upon the findings, it would appear that the separation of the ice rink facility and the golf course facility would be to the best interests of the city.

As the existing physical assets are in place, and the land available immediately adjacent to the boardwalk, it would appear that the best course of action for the city is to construct a permanent miniature golf course adjacent to the boardwalk for usage by boardwalk walkers, local residents and summertime residents.

We believe that this will result in a net increase in income of \$12,000.

C. WATER AND SEWER

Ventnor operates a fully manned water treatment and distribution system which has a total allowable allocation and diversion of 85,000,000 gallons a month or 725,000,000 gallons per year. This system is comprised of six wells, all to the Kirkwood Aquifer, several treatment facilities which chlorinate and aerate. The system has storage capacity of 1.5 million gallons which is slightly deficient when compared with the average water demand of 1.71 million gallons per day.

5. Metering and Billing

Review of the system showed that the system is not properly metered in that it does not allow for timely reading and billing. The public is presented one bill a year in May with two coupons for payment - one in May and another one in October.

Due to the methodology of billing, meter problems are not detected on a current basis and there is no means, for troubleshooting the system on a recurring basis. While there is an economy in reading meters once a year, the cash flow and system control that such a system provides is insufficient. In addition, most meters are inside the buildings which does not allow for ready maintenance and review of the system. All meter books are entered into the computer system by hand, thereby increasing the opportunity for error.

6. System Control and Operations

The city currently mans the pump controls of the water system on a 24-hour, 365 day basis. A pump operator is at the controls of the plant at all times. That, coupled with the manual operation of the system, makes the management of the water system unnecessarily manpower intensive. No central alarms or instrumentation exists even though the city recently installed a radio dispatch and centralized communications system. No telemetry or equipment for controlling the water system exists.

7. System Service

We determined that the 1,000 GPM wells, one of which dates from 1931 and two from 1965, have all been redeveloped and re-sleeved and are no longer at the capacity available under the water allocation diversion permit. The loss of any one of those wells would represent a problem during peak demand periods in the summer. There is an existing interconnection with the Atlantic City Municipal Utilities Authority. There is no means of metering the Atlantic City water and there could be a delay in meeting the demands of Ventnor City. Indeed, many of these items are noted in the Allocation Permit by the NJDEP.

WATER AND SEWER RECOMMENDATIONS

As outlined above, the metering system is inadequate. It is recommended that the city immediately take the steps to retrofit the water and sewer system with a state of the art metering system. Readings and billings should be done on a quarterly basis and it is further recommended the city be divided into three separate zones which would allow for the meter reading to occur on a rotating basis.

A troubleshooting edit report, typical in the water industry, should provide the ability for the meter reader to review the various meter readings as seen in the field to immediately identify problems. This is accomplished by the setting the high and low parameter on the meter reading and establishing an edit of those meters that do not meet those limits of operations. This establishes an exception group that is subject to immediate review.

Our review of the meter reading process showed that meter reading problems are not immediately resolved. Meters rarely fail completely, but slow down or skip over time. Management is presently unable to substantiate losses due to the aging of the meter equipment. Our review showed that 170 customers were disputed or unread and accordingly, no revenues have been generated from them. This city lost or was late in collecting \$32,001 in revenues. Any improvement in meter billing process not only generates better cash flow, but indeed recoups lost revenues.

Due to the meter reading and billing philosophy currently in place in the City of Ventnor, there exists a lag between the expenditures for water and sewer services and revenues generated.

By moving to a state of the art meter system and changing the methodology of billing, the city will be able to perform the following additional steps on a more efficient basis:

Quarterly reading allowing an immediate application of the excess billing charged. Currently the excess water used is charged approximately one year after the usage, this is not appropriate.

A troubleshooting edit to fix and repair all meters based upon the quarterly read system. This will produce immediate savings.

The water and sewer fund generated approximately \$2,522,292 in income for the period of 1993 and only generated \$13,385 worth of investment income. This is a return on income of less than one percent. This interest income should be higher.

In response to the manual control of both the water treatment and distribution system and the sanitary sewer collection system, it is recommended that a capital improvement project be undertaken and that telemetry be installed to provide for a central alarm system in the Radio Dispatch Center at City Hall. This will allow an immediate and appropriate response to be generated by an alarm indicating a problem in the system.

The centralized telemetry system not only reports existing conditions but, more importantly, provides for complete automation of the water treatment system except for chlorination. This automation will eliminate the need for four pump operators resulting in a savings after the use of capital funds of \$41,265.

Improvements to the water and sewer system and changes to the operating procedures present the opportunity for a net impact of \$112,000.

D. FIRE DEPARTMENT

The City of Ventnor maintains a fully paid and manned fire department. That fire department is comprised of 41 trained professional fire fighters of which 39 are cross-trained as EMTs. As an adjunct to fire protection and part of the overall planning and operations of the fire department, the city maintains ambulances at each fire house and all emergency calls within the city for ambulance services are responded to by members of the Ventnor City Fire Department acting as EMT's.

The city fire department is highly trained and a review of the facilities, management and equipment clearly showed a high degree of preparation and training.

It should be noted, however, that the true cost to the City of Ventnor for the fire department is not delineated in the audited financial statements which show that salaries and wages of \$1,737,472 and other expenses of \$18,000. An allocation of fringe benefits, worker compensation insurance, pension and other related costs to the fire department, and other administrative departments established that the true annual cost to the city is \$2.8 million on an annual basis. This represents approximately 23.5% of the municipal budget.

Discussions with city officials and review of the fire department clearly shows that it is professionally run and managed. In 1979, as a means of trying to control fire department costs, a request was made for volunteers in the community in order to start a downscaling of the then 34-man fire department. A review of January 1979 correspondence shows that, despite a city wide drive, only eight (8) prospective volunteer firemen responded to the request by the city. The fire department is one area the City of Ventnor must look at in order to find possible economies. These comments are not meant to be critical of the Ventnor City Fire Department. Indeed, it would appear from the review that the department is well trained, motivated and managed. However, due to the high cost of a paid fire department, this is the one area that should be reviewed.

FIRE DEPARTMENT RECOMMENDATIONS

Contract coverage from the Atlantic City Fire Department and/or the Margate Fire Department should be explored. An earlier feasibility study indicates that the Margate and Ventnor fire departments could be merged and that the quality of fire protection would be fully insured in both communities. The merging of those departments would clearly highlight any duplication of service and provide a structure for future reductions in total manpower. Our analysis of the fire department staffing indicates that the growth of the department from 31 firefighters in 1975 to 41 in 1994 with no significant change in service or fire risk provides the opportunity for cost savings through attrition.

Attrition must be used to reduce the ranks of the firefighters by at least three full-time positions. This will produce \$167,000 in immediate cost savings.

E. FINANCIAL OPERATIONS

A review was performed of the financial and accounting functions of the city as they relate both to other departments and of their handling of the general finances of the city.

9. The system under which water and sewer billing occurred produces a highly irregular cash flow pattern. This fails to match water and sewer revenues with expenditures. At a high point in July, income exceeded expenses by \$718,627. At a low point in April, water and sewer expenses exceeded revenues by \$340,840.

10. The budget control system does not delineate expenses against the adopted budget. Operating departments do not have the ability to control their budgets on a monthly basis. The city maintains the minimum reporting requirements required by law (annual budget, financial statements and audit) in a complete and timely manner. However, the city does not provide interim reports or the means of providing financial reports for management to make decisions concerning the path of the city during any budget year. The accounting system and supporting software and hardware is a combination of both manual and computerized systems and is not interfaced.

11. The percentage of collection has varied from a low of 93.33% to 94.55% in 1989 to 1993. A review of the audited financial statements from 1989 to 1994 shows a general decrease in assessed evaluations taxable. This has resulted in approximately \$1,280,335 in tax revenue dollars lost during that five year period.

12. Excluding utilization of retained earnings which does not meet the generally accepted definition of a revenue, the city has experienced a net deficit in its operations in 1989 and 1993, and in essence has projected another for 1994. Further, excluding the favorable effect of other unbudgeted credits which primarily consist of canceled appropriated reserves and other unanticipated revenues, the city has experienced operating deficits in each of the last five years and projected another for 1994. The operating expenditures have also increased in all but one year since 1989. Salaries and wages are consuming an ever increasing portion of the operating revenues growing from \$3.9 million or 39.5% in 1989 to \$5.9 million to 52.8% anticipated for 1994, an increase of \$2 million.

FINANCIAL OPERATION RECOMMENDATIONS

A comprehensive cash flow analysis be performed by the chief financial officer on a yearly basis to determine the availability of potential short and long term investments.

An integrated general ledger be implemented into the financial system of the city and that a change in the software result in a budget variance analysis report published on a monthly basis forwarded to all Department Heads, Chief Administrator and Board of Commissioners. This will improve the accountability by department heads.

That a policy be enacted that will attempt to improve the percentage of collections of taxes due. The current rate of 93.5% is low and is an adverse effect to municipal finances and

property taxes. The result of an aggressive tax collection effort will result in a decrease in the reserve for uncollected taxes of at least \$200,000.

Exploration of shared administrative services with the Board of Education should result in operating efficiencies to control the upward spiral of labor costs.

STATUTORY AND REGULATORY REFORM

It is common for municipal officials to blame tax increases on the “state mandates.” In an effort to delineate the difference between the politically expedient excuse and the practical realities, each local budget review team is charged with the responsibility of identifying regulatory or statutory mandates that truly have an adverse impact on the cost of local government. Each of the findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

1. The city clerk suggested that the elimination of a majority of the publication and legal notification requirements imposed by various state laws. Approximately \$5,500 of the \$8,868 spent during 1993 can be either eliminated or replaced.

While the dollar is not significant, it would certainly seem that the spirit of these laws can be met by the change in the state mandates. This issue is before the Legislature as part of S-7.

2. A review of the audited financial statement shows that the city currently has a balance in its Public Assistance Trust Fund I of \$19,700. Our analysis indicates that no activities have occurred in that fund during 1994. It is the recommendation that this account be closed.

GENERAL RECOMMENDATIONS

These recommendations are made by the review team to city management for the purpose of improving the overall management practices and economic effectiveness of the city as a whole.

A. Energy Audits

The city's buildings are somewhat older and energy inefficient. The city should immediately review the State's Cooperative Purchasing Contract System to attain the energy audits that are available.

Several contracts currently under the purchasing system of the State are available. They include utility rate billing and error review services and a telecommunications billing and audit service. While these audits might result in recommendations of capital investment, the long term savings and rate of return on the capital investment should be analyzed against the current cost for potential savings.

B. Joint Business Office With Schools

A strong possibility for cost savings for both the school district and the city exists in the performance of the business responsibilities of the Ventnor City Board of Education and city.

It is recommended that the city take steps to deal with the American Legion concerning the space located on the second floor of the municipal building. The facility was dedicated to the veterans in the 1920's, and is no longer used by the American Legion. This space should be considered in the long-range planning of the city. A combination of the business offices of the school and municipality should be considered.

C. Shared Services With Communities

The city should meet with the City of Margate and the Borough of Longport for the purpose of discussing shared services. A cooperative purchasing system should be initiated to streamline the inventory of office supplies, public works materials, inventory of parts and other supplies between the three communities. The geography and common services performed by all three communities provides an excellent opportunity for cooperative efforts.

D. Privatization

The city should immediately seek bids from engineering and utility operation firms for the privatization of the water treatment and supply system and the sanitary sewer collection system operations. Communities throughout New Jersey are currently negotiating for the privatization of these operations. The city should not seek to sell these assets, its franchise or the revenue from its water and sewer fund, but rather seek economies through privatization of these operations. The bids should be solicited prior to any capital improvements as it may be

more cost effective to allow the private operator of the water and sewer facilities to make the capital improvements.

E. Janitorial And Custodial Services

The city should immediately seek janitorial and custodial bids concerning the custodial activities of all municipally owned buildings. This is an area that has seen recent privatization and many of the quotes that the team has seen in other townships and municipalities have been most favorable when compared to the cost of the Ventnor staff:

Both of the above suggestions contain the potential for staff reduction.

F. Audit Comments

The exceptions and comments made by the Registered Municipal Accountant as to the deficiencies which he found in his review of the financial records of the city should be addressed by a Corrective Action Plan forwarded by the Chief Financial Officer to the Administrator and Board of Commissioners.

LOCAL GOVERNMENT BUDGET REVIEW

Brian W. Clymer, State Treasurer
James A. Archibald, Deputy State Treasurer
Brian T. Baxter, Associate Deputy State Treasurer
Louis C. Goetting, IV, Director
Harriet Derman, Commissioner, Department of Community Affairs
Beth Gates, Director, Division of Local Government Services

REVIEW TEAM

Loren C. MacIver, Team Leader
Department of the Treasury
Local Government Budget Review Team

Jay Stores, Analyst
Department of the Treasury
Office of Management and Budget

Vince Mastracola, Analyst
Department of the Treasury
Office of Management and Budget

Donald Hubschman, Financial Analyst
Department of Community Affairs
Division of Local Government Services

Kishor Ranada, CPA, Fiscal Auditor
Department of Education

Sohier Aboelnaga, Compliance Auditor
Department of Education